

Message Text

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PAGE 01 BUENOS 04388 302218Z

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 PM-03 H-02 L-03 NSC-05 PA-01 PRS-01

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O R 302135Z JUN 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 1693

INFO DIA/DOD WASHDC

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C O N F I D E N T I A L BUENOS AIRES 4388

E.O. 11652: GDS

TAGS: PINT, ASEC, ELAB, AR

SUBJ: SITREP NO. 8: LABOR'S CONFRONTATION WITH GOVERNMENT

REF: BA 4350

1. FIRST TANGIBLE CONSEQUENCE OF MRS. PERON'S SPEECH OF JUNE 28 (SEE REFTTEL) WAS RESIGNATION IMMEDIATELY THEREAFTER OF LABOR MINISTER OTERO. ALTHOUGH HE GAVE HEALTH AS REASON, THERE NO DOUBT THAT RESIGNATION WAS IN NATURE OF PROTEST; INDEED, HE HAD LITTLE CHOICE, GIVEN THAT MRS. PERON HAD CHOSEN TO BACK ECON MIN RODRIGO'S POSITION RATHER THAN HIS OWN.

2. CGT IS MEETING NOW TO DECIDE RESPONSE TO MRS. PERON'S CHALLENGE. FURTHER DETAILS AND ANALYSIS OF LABOR'S POSITION SENT BY SEPTTEL.

3. SENATE MEANWHILE REMAINS DETERMINED TO ELECT PROVISIONAL PRESIDENT. PERONIST SOURCES SAY KEY SENATORS WERE CALLED IN BY LASTIRI (THOUGH PRESS REPORTS INDICATE THEY ASKED FOR APPOINTMENT), WHO READ THEM RIOT ACT FOR DEFYING THE
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PAGE 02 BUENOS 04388 302218Z

PRESIDENT AND VIOLATING VERTICALITY. SENATORS, IN

EFFECT, TOLD LASTIRI THEY NO LONGER RECOGNIZED HIS AUTHORITY, THAT ELECTION OF PROVISIONAL PRESIDENT WAS SPECIFIED IN CONSTITUTION AND SENATE WAS PERFECTLY WITHIN ITS RIGHT IN PROCEEDING TO DO SO. BITTER WORDS WERE THEN EXCHANGED, WITH LASTIRI CALLING SENATORS "TRAITORS" AND SENATOR PENNISI (PERONIST-LABOR WING-SANTA FE) CALLING LASTIRI A "DEGENERATE".

4. ARMED FORCES CONTINUE TO MAINTAIN A COMPLETELY HANDS-OFF ATTITUDE. ONE PERONIST SOURCE WHO HAD TALKED TO MASSERA QUOTED HIM AS SAYING "ARMED FORCES WILL NOT LIFT A FINGER TO DEFEND LOPEZ REGA".

5. LOPEZ REGA IS NOW REPORTED TO BE MANEUVERING TO INTERVENE THE CGT AND POSSIBLY THE CONGRESS--THE TWO CENTERS OF DEFIANCE TO HIM AND TO MRS. PERON. HOW HE COULD POSSIBLY ACCOMPLISH THIS WITHOUT THE BACKING OF THE MILITARY (OR ANY OTHER MAJOR SECTOR) REMAINS TO BE SEEN. INDEED, IF HE TRIES TO INTERVENE THE CONGRESS, THE MILITARY PROBABLY WOULD MOVE--TO OUST HIM.

6. SINCE SPEECH ON JUNE 28, GOVERNMENT HAS BEEN BOMBARDING COUNTRY WITH EXHORTATIONS TO SUPPORT MRS. PERON, STATEMENTS OF SUPPORT FROM VARIOUS ENTITIES AND FIGURES (MOST RATHER OBSCURE), AND REBROADCASTS OF MRS. PERON'S SPEECH. THIS KIND OF BLATANT PROPAGANDIZING MAY BE DOING MORE HARM THAN GOOD TO GOVERNMENT'S CAUSE, HOWEVER. REACTION OF MOST PEOPLE WITH WHOM EMBASSY HAS SPOKEN IS THAT IT OFFENDS MORE THAN IT CONVINCES.

7. SOURCE VERY CLOSE TO INTERIOR MIN ROCAMORA TOLD EMBOFF LAST NIGHT THAT HE MAY RESING SHORTLY IN OPPOSITION TO LOPEZ REGA. MEANWHILE, HE IS CAUTIONING OTHER PERONISTS TO BE ON GUARD DURING NEXT FEW DAYS AS LOPEZ REGA, LACKING SUPPORT FROM ARMED FORCES OR ANY OTHER MAJOR SECTOR, MAY RESORT TO TERROR TACTICS TO "ENFORCE VERTICALITY" (I.E. TO IMPOSE HIS WILL). FIRST MANIFESTATION OF THIS MAY HAVE BEEN SEEN IN BOMBING OF HOME OF ADALBERTO WIMER'S FATHER-IN-LAW NIGHT OF JUNE 29 (WIMER WAS CGT SPOKESMAN IN CONFRONTATION WITH MRS. PERON JUNE 27).
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PAGE 03 BUENOS 04388 302218Z

8. COMMENT: ALTHOUGH WAGE INCREASES AND CANCELLATION OF PARITARIAS ARE ISSUES WHICH HAVE BROUGHT SITUATION TO A HEAD, THE DISPUTE IS BASICALLY POLITICAL. IT IS NOT A MATTER OF MRS. PERON BACKING AN AUSTERITY PROGRAM FAVORING FINANCIAL SOLVENCY WHILE OPPONENTS SEE SOME OTHER SOLUTION TO ECONOMIC ILLS. EVEN OPPOSITION ECONOMISTS AGREE THAT AUSTERITY PROGRAM IS NECESSARY, BUT THEY DISAGREE ON GOVERN-

MENT'S WAY OF GOING ABOUT IT. STYLE OF GOVERNMENT, RATHER THAN ECONOMY, IS THE BASIC ISSUE. THIS WAS SEEN CLEARLY IN THE PLAZA ON JUNE 27. NO ONE SHOUTED IN FAVOR OF PARITARIAS; RATHER WHOLE THRUST WAS AGAINST RPT AGAINST LOPEZ REGA. HE, NOT THE WAGE INCREASES, IS AT THE VORTEX OF THE PROBLEM. FROM CONSENSUS POLITICS INVOLVING CONSULTATIONS WITH ALL INTERESTED PARTIES PRACTICED BY PERON, LOPEZ REGA MOVED TO EXCLUSIVE RULE BY SMALL PALACE GROUP. UCR WAS ALIENATED, FREJULI ALLIES IGNORED AND EVEN MAJOR ELEMENTS OF PERONIST PARTY, INCLUDING LABOR, WERE NO LONGER CONSULTED. PROMULGATION OF NEW ECONOMIC PROGRAM WAS PERFECT EXAMPLE. NO ONE WAS CONSULTED, LEAST OF ALL LABOR, WHICH HAD TO BEAR BRUNT OF IMPACT. MEASURES WERE TAKEN WHICH ALTHOUGH SOUND WERE IMPLEMENTED AT SUCH HASTY AND ILL-CONSIDERED PACE THAT THEY BOUND TO CAUSE WAVES. SUPPORT OF MAJOR SECTORS WAS NOT OBTAINED AND THEY DID CAUSE WAVES. NOW FACED WITH CRISIS, GOVERNMENT FINDS ITSELF VIRTUALLY WITHOUT ALLIES. AS ONE COMMENTATOR PUT IT, "GOVERNMENT IS IN SELF-IMPOSED ISOLATION." IT MAY YET FIND SOME WAY OUT OF PRESENT DILEMMA. THERE IS TILL SOME POSSIBILITY THAT IS CAN SAVE ITSELF, BUT IT WILL TAKE ALL THE TRICKS IN LOPEZ REGA'S BAG TO PULL IT OFF.
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